

**STATE OF ARIZONA
WORKFORCE INVESTMENT ACT (WIA)
FISCAL GUIDANCE**

INTRODUCTION

Public Law 105-220 and the Department of Labor (DOL) Regulations 20 CFR Part 652 et al, latest publication dated August 11, 2000, sets out the State of Arizona and the Department of Economic Security (DES) as the Governor's representative, the responsibility for operation and management of the Workforce Investment Act (WIA). This responsibility includes fiscal controls to assure sound financial management at the State, Local Workforce Investment Area (LWIA) and Administrative Entity (AE) levels.

The following Fiscal Guidance instructions are intended to ensure such compliance.

These instructions are divided into eleven sections, each covering a specific area of financial management as follows:

- I. Cost Limitations;
- II. Transfers;
- III. Expenditure Requirements;
- IV. Reporting Requirements (Accrued Expenditures);
- V. Reporting Requirements (Request for Funds);
- VI. Funding Period and Program Year;
- VII. Allowable Costs/Cost Principles;
- VIII. Program Income and Stand In Costs;
- IX. Audits;
- X. Property;
- XI. Administration vs. Program Costs;

I. COST LIMITATIONS

REFERENCE: 20 CFR 667.210 (a) (2)

WIA Adult Funds: maximum of 10% for administrative costs
WIA Youth Funds: maximum of 10% for administrative costs
WIA Dislocated Worker (DW) Funds: maximum of 10% for administrative costs

II. TRANSFERS

REFERENCE: 20 CFR 667.140

WIA Adult to WIA DW funds -20% maximum (30% beginning with PY2003/FY2004 Funds)

WIA DW to WIA Adult funds -20% maximum (30% beginning with PY2003/FY2004 funds)

III. EXPENDITURE REQUIREMENTS

REFERENCE: 20 CFR 667.107 & 664.320

EXPENDITURE:

LWIAs are required to expend 100% of Administration and Program funds for each funding source (Adult, Youth and DW) by June 30 of the second year (27(PY) months for Youth and 21(FY) and 24(PY) months for Adult and DW).

OUT-OF SCHOOL YOUTH:

LWIAs are required to expend a minimum of 30% of their Youth program funds on out-of-school youth by the end of the funding period (27 months).

IV. REPORTING REQUIREMENTS (EXPENDITURES)

REFERENCE: 20 CFR 667.300 (c) (3)

EXPENDITURES (ACCRUED) :

LWIAs are required to report cumulative (YTD) accrued expenditures by funding source and year of appropriation (PY and FY) monthly (until the closeout report has been submitted and accepted). If your accounting records are not normally kept on an accrual basis of accounting, you must develop accrual information through an analysis of the documentation on hand.

Expenditures cannot be incurred against any year of funding prior to the effective date on the Notice of Obligational Authority (NOA). Therefore, reporting begins in the month of the effective date on the NOA and each month thereafter until the contract is closed or the funds expire (whichever occurs first).

FINAL REPORT:

If an LWIA/AE has expended all of the funds within a funding source in a contract, but not all of the funds within that contract, please check YES in the Section marked "Final Report" at the top of the expenditure

report and do submit another expenditure report for that funding source until you close the contract.

REPORTS ARE TO BE BASED ON ACCRUED EXPENDITURES ROUNDED TO THE NEAREST WHOLE DOLLAR.

Reports are due not later than 30 calendar days after the close of the reporting period for all programs. Contract closeouts are due 30 days from the termination date of the contract only if 100% of all funds in the contract are expended. A contract closeout may be submitted prior to the termination date of the contract. **IT IS THE ESTABLISHED POLICY OF DES NOT TO RELEASE FUNDS TO GRANT RECIPIENTS WHOSE REPORTS ARE DELINQUENT.** Inaccurate and incomplete reports will not be accepted and will be considered delinquent if not corrected and resubmitted by the due date.

V. REPORTING REQUIREMENTS (REQUEST FOR FUNDS)

CASH MANAGEMENT:

Cash management continues to be a high priority at all levels of government. The DOL monitors DES and selected LWIAs/AEs, and the DES monitors subrecipients' cash management through the Quality Assurance review process and by regular desk review of the request for funds reports. The primary purpose of the monitoring is to ensure that no excess funds are being maintained. "Excess Funds" is defined by the U.S. Treasury as cash "in excess of immediate cash needs."

Program income, rebates, refunds, contract settlements, audit recoveries, and interest earned must be disbursed before additional cash is requested. Program income cash on hand must be reported on the Request for Funds and Disbursement Report.

INSTRUCTIONS:

LWIAs/AEs must submit the WIA Direct Deposit Information Form supplies the necessary banking information to DES. Funds are transferred to the LWIA/AE using the electronic funds transfer (EFT) method.

The procedures for requesting funds are as follows:

1. Fax or mail a signed (must be an authorized signatory as designated on the WIA Signature Authorization Form) copy of the Request for Funds and Disbursement Report to (602) 542-2491, Attention: WIA Fiscal Unit by COB each Friday. **The report must include the cash status of all open WIA contracts, whether funds are being requested for that contract or not.**
2. Immediately after faxing the request, the LWIA/AE is to mail the signed report.

Due to the amount of paperwork involved and the minimum drawdown requirements imposed by DOL, the procedure at DES is to consolidate the LWIA requests and make one (1) drawdown weekly from the U.S. Treasury. In order to make this consolidated drawdown, it is necessary to have the LWIA/AE requests by COB on Fridays.

This does not mean that requests should be delayed until Friday but may be faxed or mailed in between Monday and Thursday of the week, if convenient for the LWIA/AE. If a holiday falls on a Friday, the requests must be received by COB Thursday.

3. All requests are monitored against DES records of the contract amount **AND/OR** the Notice of Obligational Authority (NOA), whichever is less, and any excess will not be honored.

4. Request for funds in addition to the weekly draw will be processed on an as-needed basis.

VI. FUNDING PERIOD & PROGRAM YEAR

REFERENCE: 20 CFR 667.107 (b), 20 CFR 667.100

FUNDING PERIOD:

WIA (PY) YOUTH (YT) FUNDS: April 1 - June 30 (27 months)

WIA (PY) ADULT (AD) FUNDS: July 1 - June 30 (24 months)

WIA (FY) ADULT (AD) FUNDS: Oct 1 - June 30 (21 months)

WIA (PY) DISLOC. WKR.(DW) FUNDS: July 1 - June 30 (24 months)

WIA (FY) DISLOC. WKR.(DW) FUNDS: Oct 1 - June 30 (21 months)

WIA (PY) RAPID RESPONSE (RR) FUNDS: July 1 - June 30 (24 months)

WIA (FY) RAPID RESPONSE (RR) FUNDS: Oct 1 - June 30 (21 months)

WIA (PY) SET-A-SIDE (SAS) FUNDS: July 1 - June 30 (24 months)

WIA (FY) SET-A-SIDE (SAS) FUNDS: Oct 1 - June 30 (21 months)

PROGRAM YEAR:

WIA (PY) YT FUNDS: April 1 - June 30 (first 15 months)

WIA (PY) AD, DW, RR & SAS FUNDS: July 1 - June 30 (first 12 months)

WIA (FY) AD, DW, RR & SAS FUNDS: Oct 1 - June 30 (first 9 months)

VII. ALLOWABLE COSTS & COST PRINCIPLES

REFERENCE: 20 CFR 667.200

- 29 CFR PART 95: Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations, and with

Commercial Organizations, Foreign Governments, Organizations Under the Jurisdiction of Foreign Governments, and International Organizations

- 29 CFR PART 97: Uniform Administrative Requirements for Grants and Cooperative Agreements to States and Local Governments
- OMB CIRCULAR A-87: Cost Principles for State, Local and Indian Tribal Governments
- OMB CIRCULAR A-122: Cost Principles for Non-Profit Organizations
- OMB CIRCULAR A-21: Cost Principles for Educational Institutions
- Allowable Costs for Hospitals must be determined in accordance under Appendix E of 45 CFR Part 74
- Allowable Costs for Commercial Organizations and those Non-Profit Organizations listed in Attachment C to OMB Circular A-122 must be determined under the provisions of the Federal Acquisition Regulation (FAR) at 48 CFR Part 31

VIII..PROGRAM INCOME & STAND-IN COSTS

REFERENCE: 20 CFR 667.200 (a) (5) (6) (7), 20 CFR 667.300 (c) (2)

PROGRAM INCOME:

Program Income includes:

- receipts from goods and services (including conferences) provided as a result of activities funded under this title;
- funds provided to a service provider under this title that are in excess of the costs associated with the services provided; and
- interest income earned on funds received under this title.

NOTE: Program Income must be reported on the applicable accrued expenditure report form in the section provided.

STAND-IN COSTS:

Costs paid from non-Federal sources that a recipient proposes to substitute for Federal costs that have been disallowed as a result of an audit or other review. In order to be considered as valid substitutions, the costs:

- shall have been reported by the grantee as uncharged program costs under the same title and in the same program year in which the disallowed costs were incurred;
- shall have been incurred in compliance with laws, regulations, and contractual provisions governing WIA; and
- shall not result in a violation of the applicable cost limitations.

IX. AUDITS

REFERENCE: 20 CFR 667.200 (b)

- OMB CIRCULAR A-133: Audits for States, Local Governments, and Non-Profit Organizations

X. PROPERTY

REFERENCE: 20 CFR 667.260

WIA GUIDANCE LETTER 14-02

XI. ADMINISTRATION VS. PROGRAM COSTS

REFERENCE: 20 CFR 667.220